

FISCAL NOTE

SB 1719 - HB 2084

February 28, 2007

SUMMARY OF BILL: Creates a franchise tax credit equal to 1% of the total franchise tax liability for business entities domiciled in Tennessee that establish or operate call centers for customer service or distribution facilities in counties having populations of 55,000 people or less.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$500,000

Increase State Expenditures - \$100,000 One-Time

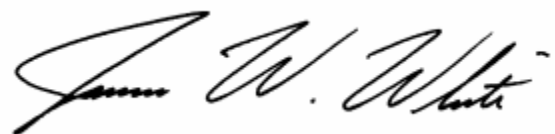
Other Fiscal Impact - Any decrease to state tax revenues resulting from the franchise tax credit proposed could be offset by a subsequent increase to state revenues resulting from new economic activity that could occur as a result of this legislation. This portion of the fiscal impact is dependent upon several unknown factors and is not quantifiable as a result.

Assumptions:

- County/population criteria apply to both call centers for customer service and distribution facilities.
- 74 counties (or 78% of all counties) meet the population criteria.
- According to the Department of Revenue, franchise tax collections derived from taxpayers meeting the specified criteria of this bill is estimated to be approximately \$50.0 million per year.
- A 1% franchise tax credit as proposed equals \$500,000 per year.
- New economic activity could occur in Tennessee as a result of this bill.
- The one-time increase to state expenditures for computer and software enhancements is estimated to be \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director